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OUTLINE: AFTERMATH OF BERLIN RIOTS

- I. General German situation has broad ramifications for the Kremlin.
 - A. There was apparent miscalculation of the effects of the post-Stalin soft policy.

II. East Germany

- A. Situation is tense, but Soviet military has largely restored order.
 - Violence has been confirmed in
 7 major cities and reported in
 15 others.
 - 2. 20,000 Soviet troops were deployed in Berlin alone.

Berlin alone.

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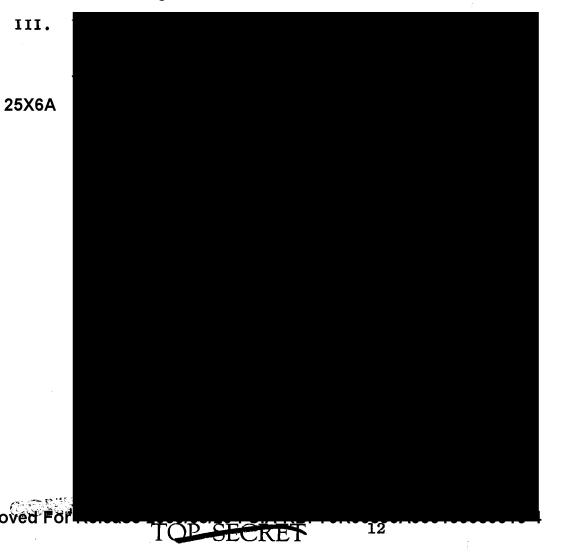
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- B. GDR regime has:
 - 1. Threatened harsh actions against leaders of riots.
 - 2. Announced palliative economic measures:
 - a) Restoration of private shops to owners.
 - b) Expansion of consumer goods production at expense of heavy industry.
 - c) Reduction of work norms.
 - d) Greater social security for workers.
 - 3. Offered no political concessions.
- C. These conciliatory measures slow, but do not terminate socialization.

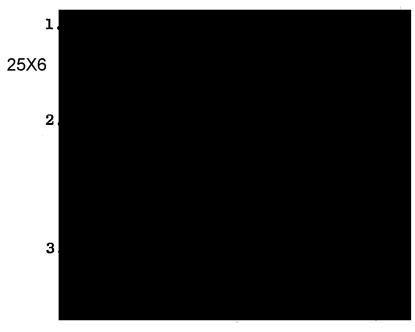
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1. Labor is still expected to increase production to gain a favorable response to its "just demands."

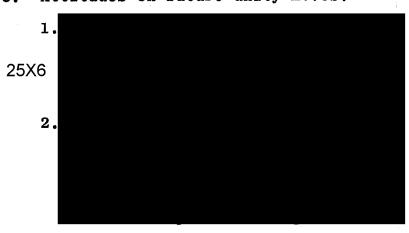


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B. Government reactions.

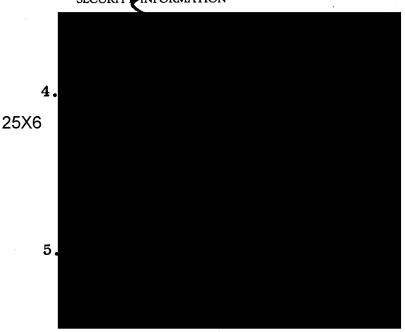


C. Attitudes on future unity moves.



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IV. Eastern Europe

- A. Unrest in Eastern Europe is more vigorous than in recent years.
 - Czechoslovakia and Rumania the scenes of significant expressions of unrest.
 - 2. Elsewhere stirrings exist, but with less focus.
 - a. Attacks on Communist officials
 - b. Anti-communist leaflets.

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- c. Peasant and labor noncooperation.
- d. Defections to West.
- B. News of East German riots spread throughout Satellites, without accompanying demonstrations.
 - 1. There were expressions of admiration for the Germans in Rumania and Czechoslovakia.
- C. Satellite security forces are well set to counter unrest.
 - Nevertheless, spontaneous outbursts and demonstrations can occur.
- V. Probable Soviet reactions.
 - A. Soviet objectives in initiating the liberalization program were:
 - 1. To alleviate internal conditions
 in East Germany which were
 running counter to Soviet

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- 2. To fan German unity sentiment.
- B. These objectives remain unaltered despite the riots and the setback to the "peace" campaign.
 - Consequently, a continuation of conciliatory economic tactics is likely.
- C. The naked display of force has reduced Soviet maneuverability with respect to Germany.
 - 1. Soviet propaganda position weak.
 - Reshuffle of GDR Government may be restored to.
- D. USSR faces dilemma.
 - 1. Continued conciliation in the GDR may foster Satellite resistance.
 - Failure to conciliate will heighten German discontent and weaken the "peace" offensive.

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- E. Indications are that the USSR will:
 - Continue liberal economic policies in the GDR, without significant political concessions.
 - Maintain order by force as long as necessary.
 - 3. Make new unity appeals.